

Combining the results from the two estimating methods provides a CareFirst target revenue range of range of \$11 - \$16 billion over the next 3-5 years.

Estimated Advantageous Target Size Range for CareFirst in 3-5 Years
(measured in billions of revenue dollars)

Estimation Method	Low	High
Investment Support Level	\$11.2	\$16.2
Scale Relative to Competitors	\$10.9	\$13.1
Estimated Revenue Target (in billions)	\$11	\$16

Source: CareFirst data, SEC filings, Accenture analysis

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Health Plans Being Squeezed

Health Plans Expand & Access Equity

National Trends Playing Out in Mid-Atlantic Region

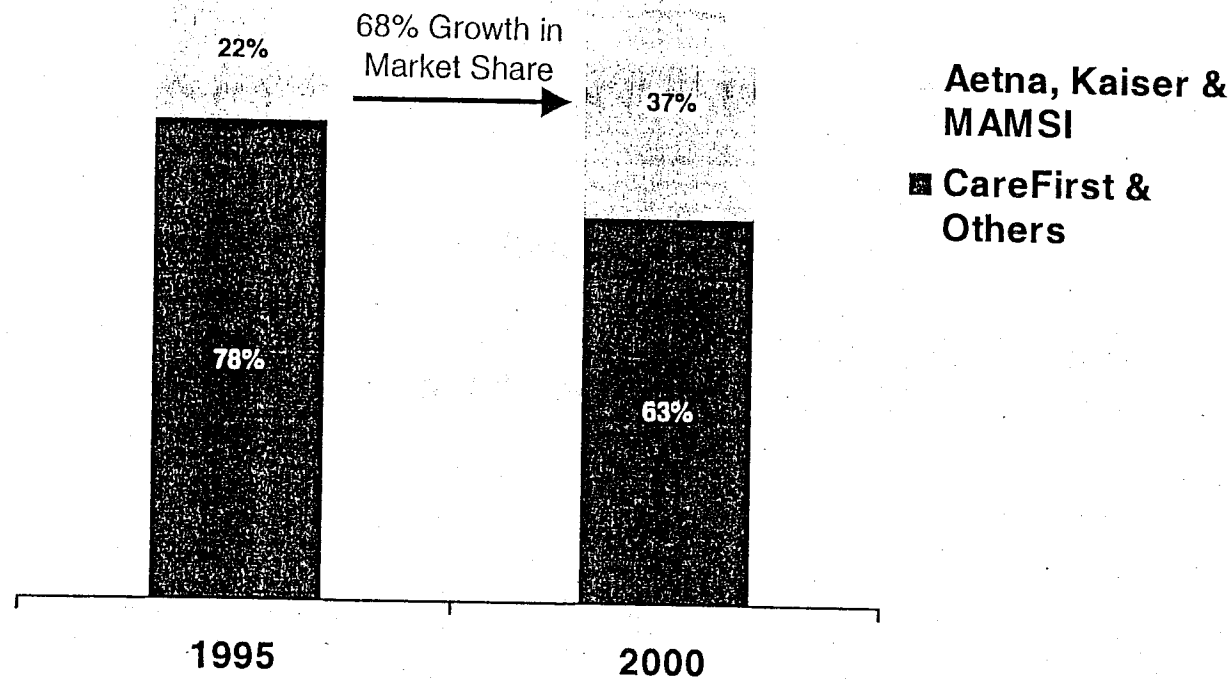
CareFirst Must Gain Substantial Scale & Access Capital

Timing Appears Favorable for CareFirst to Act

CareFirst's Constituents Likely to Benefit

CareFirst's three largest competitors in the region have increased their combined market share in the last 5 years from 22% to 37%.

CareFirst's Top Three Competitors Market Share Change, 1995-2000
(market share in CareFirst's market area)



Source: CareFirst Data; Accenture Analysis

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Proceeds from the for-profit conversion of CareFirst would create an independent, community-focused Public Benefit Organization.

Public Benefit Organization Overview

- The conversion of CareFirst to a for-profit organization creates an opportunity to address unmet public healthcare needs in Maryland, D.C. and Delaware through the establishment of a Public Benefit Organization
 - A Public Benefit Organization (PBO) is a charitable foundation that is established in recognition of the tax benefits a non-profit organization received before converting to a for-profit status
 - According to Grantmakers in Health, such conversions of non-profit health companies have created funds that total more than \$16.3 billion in assets, and in many communities, represent the largest sources of non-governmental healthcare funding
- To maintain tax exempt status, foundations are required by the Internal Revenue Service to make direct qualifying investments each year to the mission they support, which for most foundations, translates to 5% of their assets
- If 5% is applied to the current value of assets in foundations established by converted BCBS plans, estimated at \$6.2 billion*, over \$310MM will be donated this year to address the unmet health care needs of local communities

**Blue Cross Blue Shield foundations included in \$6.2 billion estimate are outlined in the following slide*

Source: CareFirst Data; Grant Makers in Health, *A Profile of New Health Foundations*, March 2001; IRS website, www.irs.gov

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